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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In the Matters of:

SOUNDVIEW ELITE LTD. et al., Case No. 13-13098-reg
Debtors.

- - - - -x

FLETCHER INTERNATIONAL, LTD. et al., Case No. 12-12796-reg
Debtors.

- - - - -x

FLETCHER LEVERAGED FUND
(IN LIQUIDATION) Case No. 14-10093-reg
Debtor.

- - - - -x

FLETCHER INCOME ARBITRAGE FUND,
(IN LIQUIDATION) Case No. 14-10094-reg
Debtor.

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United States Bankruptcy Court

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One Bowling Green

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New York, New York

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February 25, 2014

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9:54 AM

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B E F O R E:

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HON. ROBERT E. GERBER

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U.S. BANKRUPTCY JUDGE

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13-13098-reg
1) Motion Filed by the Trustee for (A) an Order Authorizing
Bankruptcy Rule 2004 Discovery and (B) a Uniform Protective
Order

2) Status Conference

12-12796-reg
1) Status Conference

14-10093-reg
1) Recognition Hearing

14-10094-reg
1) Recognition Hearing

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ALSO PRESENT: (TELEPHONICALLY)

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1 P R O C E E D I N G S

2 THE COURT: Soundview Elite and Fletcher, I'm going to
3 hear them both at the same time.

4 I know many of you, but I don't know you all, so I
5 would like people to introduce themselves, if they think that
6 they may wish to be heard today.

7 Yes, good morning.

8 MS. BUONOME: Your Honor, good morning. Lauren
9 Buonome of Jones --

10 THE COURT: I'm sorry, I couldn't hear you. You want
11 to come to one or another of the mics, please.

12 MS. BUONOME: Of course. Good morning, Your Honor.
13 Lauren Buonome, of Jones Day, proposed counsel to Ms. Corinne
14 Ball, as Chapter 11 trustee of the Soundview debtors.

15 THE COURT: Okay, thank you.

16 I see you have your trustee next to you, Ms. Buonome.

17 MS. BUONOME: Pardon me, Your Honor. I'd like to
18 introduce Ms. Corinne Ball. As well, Your Honor, we have two
19 of our colleagues on the line at Jones Day's London office.
20 And I'd like to introduce --

21 THE COURT: The London office?

22 MS. BUONOME: Yes, Your Honor. They're involved with
23 our offshore disputes team, and have been directly involved in
24 negotiating the protocol with the joint official liquidators.
25 Mr. Stephen Pearson is on the line, and Mr. Barnaby Stueck is

1 on the line. They're Cayman-qualified practicing Cayman
2 lawyers.

3 THE COURT: Okay.

4 MS. BUONOME: Thank you.

5 THE COURT: Thank you. Mr. Glenn?

6 MR. GLENN: Good morning, Your Honor. Andrew Glenn;
7 Kasowitz, Benson, Torres & Friedman, on behalf of creditor
8 Pasig Ltd., joined by my colleague Jeffrey Gleit.

9 THE COURT: All right.

10 MR. PINTARELLI: Your Honor, John Pintarelli of
11 Morrison & Foerster, for the joint official liquidators.

12 THE COURT: Right, Mr. Pintarelli.

13 MR. MORRISSEY: Richard Morrissey for the U.S.
14 Trustee.

15 THE COURT: Right.

16 MS. FREEDMAN: Terri Jane Freedman, Porzio Bromberg &
17 Newman, on behalf of the debtors-out-of-possession.

18 THE COURT: Right. Last name was Freedman, if I heard
19 you right?

20 MS. FREEDMAN: Freedman, correct.

21 THE COURT: Yes, thank you.

22 MR. BROCK: Good morning, Your Honor. Timothy Brock
23 from Satterlee Stephens Burke & Burke on behalf of the JOLs for
24 Leveraged and Arbitrage.

25 THE COURT: Okay. Now, you're shifting, Mr. Brock,

1 from the Soundview case over to the Fletcher case, as I had
2 asked -- the FILB case -- the Fletcher International case?

3 MR. BROCK: I don't intend to say anything during this
4 hearing, Your Honor. And if you're not going to take the
5 Arbitrage matters up in this session, I will go --

6 THE COURT: No, you were right to step up, Mr. Brock.
7 But I had done a pause for a second, because I remembered you
8 from the FILB case, but not from the Soundview case. And I had
9 called both cases up. I'm just trying to get things straight.

10 MR. BROCK: It's the FILB case, Your Honor.

11 THE COURT: Yeah, okay. That's fine. That's fine.

12 Mr. Luskin?

13 MR. LUSKIN: Good morning, Your Honor. Michael
14 Luskin; Luskin, Stern & Eisler, for Richard Davis, who is the
15 Chapter 11 trustee in the FILB. And I don't know that I'll be
16 participating in these two cases, but I'm here for both
17 Soundview and the Chapter 15s.

18 THE COURT: Okay.

19 MR. TURNER: Good morning. Good morning, Your Honor.
20 Stuart Turner, pro se. I filed objections in the FILB, FIA
21 Leveraged Fund, and Fletcher Income Arbitrage Fund, Ltd. cases.
22 I'm not planning on saying anything.

23 THE COURT: Okay, Mr. Turner.

24 All right.

25 MR. MARTIN: Your Honor?

1 THE COURT: Yes, who's speaking, please.

2 MR. MARTIN: It's quiet in the airport for a moment,
3 so I've taken it off mute just to announce myself, and then
4 I'll put it back on mute. Warren Martin, Porzio Bromberg &
5 Newman, attorneys for the debtor-out-of-possession. And you
6 have Ms. Freedman in the courtroom. Thank you.

7 THE COURT: Okay, thank you, Mr. Martin.

8 All right. I have --

9 MS. OSTAD: Good morning, Your Honor. Karen Ostad,
10 representing three of the BVI entity creditors, also on the
11 phone.

12 THE COURT: Okay, Ms. Ostad.

13 I have a variety of matters in both Soundview and
14 FILB -- FILB being Fletcher International Limited of Bermuda.
15 And I don't know the extent to which I need to take the two
16 cases together. My sense is that we just have a status
17 conference in Fletcher International, in contrast to having a
18 more extensive hearing today -- Mr. Luskin, you want to just
19 step up for a minute and give me an update on FILB, Fletcher
20 International of Bermuda, and then advise me whether we can put
21 FILB off to the side and focus on Soundview?

22 MR. LUSKIN: Yes, Your Honor. One second.

23 Your Honor, Michael Luskin for the Chapter 11 trustee,
24 Richard Davis. The cases, you'll recall, back some months ago,
25 Your Honor issued an order approving the disclosure statement.

1 That's gone out. It had objection and voting deadlines which
2 have passed for all but two parties which I'll speak of in a
3 second.

4 We've had one objection from Mr. Turner and we've had
5 all ballots in except for three parties who are getting
6 extensions. The --

7 THE COURT: Extensions to vote, to object to
8 confirmation --

9 MR. LUSKIN: Extensions --

10 THE COURT: -- or both?

11 MR. LUSKIN: Extensions for them to vote. And Your
12 Honor, the confirmation hearing is going to be put off from
13 March 5th to March 27th. That's at the request of the
14 Soundview trustee, who, as you know, is new to the case and has
15 really just gotten off the ground on her investigation. I'm
16 sure you'll hear a lot more about that.

17 And what we have done, just jumping ahead, is we've
18 checked with chambers. We've gotten the March 27th hearing
19 date. We have a new objection date for the Soundview trustee
20 and also for the BVI entities that are represented by Ms.
21 Ostad. Their objection deadline is now the 21st. Their voting
22 deadline is the 21st. And the voting deadline for the MBTA has
23 also been extended without --

24 THE COURT: Forgive me, Mr. Luskin.

25 MR. LUSKIN: Yes.

1 THE COURT: The acronyms are throwing me.

2 MR. LUSKIN: The MBTA is the Massachusetts public
3 pension fund that's an investor in FILB. And due to scheduling
4 for their board meeting to approve the ballot, we had to give
5 them an extension. So they have an extension also.

6 THE COURT: Okay.

7 MR. LUSKIN: It is our hope that during the next two
8 weeks we'll be able to continue our meetings with the Soundview
9 trustee and the Jones Day firm and their financial advisors,
10 Kinetics, who are here today. The financial advisors -- their
11 financial advisors and our financial advisors have met and
12 exchanged some documents. That continues.

13 So it is our hope that we will continue to have a
14 largely, if not entirely, consensual plan to present to the
15 Court on confirmation.

16 Meanwhile, in addition to confirmation, we've got
17 various settlements and asset sales which continue to progress.
18 I don't really have anything concrete to report to Your Honor
19 today, although actually, I think some of the settlements have
20 been presented to the Court for approval. Basically with the
21 unsecured creditors at FILB, we've reached a number of
22 settlements. And we're also in the midst of negotiations with
23 some of the parties identified in the trustee's report as
24 potential defendants in litigations.

25 Your Honor, if I might approach, I have a proposed

1 order extending the voting deadline and the objection deadlines
2 for the Soundview and BVI trustees and the voting deadline for
3 the MBTA. I'd like to just hand it up. I will e-mail it to
4 chambers later. I just wanted --

5 THE COURT: Why don't you give the hard copy to one of
6 my law clerks.

7 MR. LUSKIN: Will do.

8 THE COURT: E-mail the word processing version of it
9 to my chambers. I take it, it is purely procedural and timing-
10 wise, and in any event, you've already vetted it with the other
11 stakeholders in the case?

12 MR. LUSKIN: Correct.

13 THE COURT: Okay, that'll be fine. When we get off
14 the bench, whatever time that is, I'll look at the form of the
15 order, and assuming it's as you say it is, it'll be entered.

16 MR. LUSKIN: Okay, thank you, Your Honor.

17 And then on -- just in terms of the matters on the
18 calendar; Soundview, again, as I said earlier, I don't think
19 I'm going to be called on to state a position in anything. And
20 on the Chapter 15s, I'll -- we support those petitions. And to
21 the extent I'm needed, I'm here.

22 THE COURT: Okay. You will be staying, then?

23 MR. LUSKIN: I'm staying. Absolutely, Your Honor.
24 Yes.

25 THE COURT: Okay. All right, then let's talk to

1 Soundview.

2 As I understand it, I have a 2004, which I wanted to
3 give people a chance to be heard in opposition on after the
4 filing of the actual motion that's required, which opportunity
5 has now been granted, and I'm not aware of any objections. But
6 I wonder if an update on status in Soundview would be
7 productive before I just go over the 2004?

8 MS. BUONOME: Sure. Yes, of course, Your Honor.
9 Again, Lauren Buonome of Jones Day, proposed counsel of Ms.
10 Corinne Ball, Chapter 11 trustee of the Soundview debtors.

11 And yes, Your Honor, we'd be glad to provide a status
12 update today in connection with our progress in the past
13 approximate three weeks of being involved, following Your
14 Honor's order appointing Ms. Ball as the Chapter 11 trustee on
15 February the 3rd.

16 Again, I'd like to mention to the Court that Ms. Ball
17 is here in the courtroom. Our proposed financial advisor,
18 Kinetic Partners, and Mr. Geoff Varga, on behalf of Kinetic
19 Partners is here today. And again, to reiterate, Mr. Stephen
20 Pearson and Mr. Barnaby Stueck are on the line as our Cayman
21 experts from Jones Day's London office.

22 THE COURT: Continue, please Ms. Buonome.

23 MS. BUONOME: Just to begin, Your Honor, I'd like to
24 provide you with a roadmap of what I wanted to say today and
25 discuss matters generally. The first is that we've had

1 substantial progress in just this short three-week period since
2 the trustee has been appointed. Yet, the trustee, Ms. Corinne
3 Ball, as Mr. Luskin recognized before, Your Honor, in his
4 notice of adjournment of certain relevant and critical
5 deadlines related to the Fletcher International bankruptcy case
6 that is colloquially referred to as the FILB case, and their
7 impact on the Soundview debtors as well as the BVI funds. That
8 impact has been viewed by Ms. Ball to create a predetermined
9 stake of interfund issues between the Soundview debtors, the
10 FILB debtor and other Fletcher-related funds, those funds being
11 Leveraged, Alpha and Arbitrage.

12 So I'd just like to make the Court aware that we are
13 pleased in consultation with Mr. Luskin, counsel to Mr. Davis,
14 and as well, with Ms. Ostad, who's on the line, counsel to Ms.
15 Midanek, the sole director of the BVI funds, that we've been
16 able to receive a small extension of approximately three weeks
17 to allow Ms. Ball as well as Ms. Midanek to assess and analyze
18 the impact of these interfund issues presented by the FILB
19 Chapter 11 plan.

20 We understand, and we've heard today, that Mr. Luskin
21 has cleared the relevant dates with Your Honor and the court
22 and has submitted the proposed modification of those certain
23 dates. And again, to reiterate, the adjournment will be for
24 the FILB confirmation hearing to be moved from March 4 to March
25 27, as well as to allow both the Soundview debtors and the BVI

1 entities an extension of objection deadlines and voting
2 deadlines with respect to the FILB plan.

3 THE COURT: To March 21, if I heard him correctly?

4 MS. BUONOME: March 21 at noon. That's correct, Your
5 Honor.

6 THE COURT: Go on.

7 MS. BUONOME: So what's next? Well, the trustee has
8 comprised and created a very comprehensive work plan that's
9 broken down into three critical phases. And I'm happy to
10 report that phase 1, which we've styled as the phase to secure
11 books, assets and records, is almost complete. We've sent
12 letters to over eighty parties that we know about asking to
13 turn over documents and retain documents. We've spoken with
14 key parties in the past three weeks. And we've received
15 helpful feedback and are in the process of collecting and
16 reviewing those records.

17 In addition, as a housekeeping matter, Your Honor, the
18 trustee has opened court-authorized bank accounts and has
19 received the first 12.7 million dollars of U.S. funds into her
20 bank accounts yesterday, and estimates that the remaining
21 non-U.S. denominations in euro and Swiss francs, to arrive to
22 her bank accounts today.

23 THE COURT: Pause, please, Ms. Buonome.

24 MS. BUONOME: Sure.

25 THE COURT: Is that the money that was previously held

1 at Wilmington Trust?

2 MS. BUONOME: That's correct, Your Honor. That's the
3 money previously held at Wilmington Trust and was transferred
4 pursuant to Your Honor's so ordered stipulation.

5 THE COURT: To what extent is that all of the
6 Wilmington Trust money?

7 MS. BUONOME: To our knowledge, Your Honor, that's the
8 full amount of the money in the Wilmington Trust -- that
9 Wilmington Trust holds on behalf of the Soundview debtors --
10 will be, we hope, as of today, fully transferred to the
11 trustee's bank accounts.

12 As we understand, yes, besides the Soundview debtors,
13 Wilmington Trust holds other accounts for non-Soundview
14 debtors.

15 THE COURT: Continue, please.

16 MS. BUONOME: Thank you. So that's phase 1, securing
17 books, assets, records, and meeting with key parties.

18 Phase 2, which we've styled as the negotiation of the
19 protocol with the joint official liquidators in the Cayman
20 Islands and their U.S. counsel, as well as the analysis of
21 certain inter-fund issues that I'd highlighted previously to
22 Your Honor, that the FILB plan impacts -- that is impacted by
23 the FILB plan.

24 That phase, phase 2, is well underway. In connection
25 with this phase, Mr. Geoff Varga of Kinetic Partners, has

1 identified it, as the trustee's proposed financial advisor, and
2 will play an integral role in analyzing and assisting the
3 trustee to assess these inter-fund issues that are created by
4 the predetermined FILB plan.

5 In addition to negotiating -- and as well, I should
6 note, the trustee's negotiation of the protocol with the joint
7 official liquidators of the Soundview debtors is designed to
8 maximize the returns to stakeholders in the shortest period
9 possible and address the trustee's concern that broad-brush
10 delineations along jurisdictional boundaries might be
11 counterproductive, given cost concerns.

12 We'd also like to reiterate points raised by Your
13 Honor's January 23rd, bench decision that the majority of the
14 assets and records are, indeed, located here in the United
15 States. And therefore, it makes practical common sense to have
16 U.S. counsel liaising on behalf of those matters and issues.

17 The next component to the second phase, as I had
18 mentioned, is this inter-fund analysis. The trustee hopes to
19 achieve forward progress vis-a-vis the FILB estate and other
20 related Fletcher funds -- and to remind, Your Honor, that's
21 Leveraged, Arbitrage and Alpha -- in an aim to maximize value
22 for the Soundview estates while at the same time preserving the
23 estates' defenses and minimizing their liabilities.

24 Your Honor, I will transition now to phase 3 but
25 remind Your Honor, that we can provide a more fulsome

1 description of our progress on the joint protocol later on in
2 the status conference and that description can come directly
3 from the attorneys working to negotiate that very protocol.

4 But I'd like to transition to phase 3 at this point
5 and note that the results of phase 2 precedes phase 3 may
6 materially impact the recoveries of the Soundview investors,
7 that's the analysis of those inter-fund issues raised by the
8 FILB plan. And this inter-fund analysis, while it --

9 THE COURT: Wait. Did you regard the analysis of the
10 inter-fund issues as a phase 2 matter or as a phase 3 matter?

11 MS. BUONOME: I'm sorry, Your Honor. There's a little
12 bit of overlap. It's definitely a phase 2 matter. And that
13 has already begun. And we're --

14 THE COURT: That's what I had understood. But then
15 what is phase 3?

16 MS. BUONOME: So there's a bridge. The inter-fund
17 analysis will serve as almost a bridge to phase 3. And that's
18 the true investigation and recovery for the benefit of the
19 Soundview debtors.

20 As we've told the known constituents that the trustee
21 has been in communication with, and that's Mr. Glenn on behalf
22 of Pasig as well as Ms. Ostad on behalf of the BVI funds, we
23 will work in consultation with these parties and other, of
24 course, known constituents, to receive input and guidance in
25 the investigation process. And in addition, the trustee's very

1 cognizant of the issues raised by Your Honor's January 23rd
2 bench decision, where Your Honor found cause under Sections
3 1104(a)(1) and 1104(a)(2), to necessitate such an in-depth
4 investigation.

5 So there are the three phases for Your Honor. And
6 we're happy to report that this has been significant progress.

7 But notwithstanding the significant progress and the
8 momentum that has been gained by Ms. Corinne Ball since her
9 appointment approximately three weeks ago as the person -- to
10 borrow Your Honor's words, "the captain of the ship", we're
11 still facing some real challenges, as Your Honor may be aware.
12 Indeed, the Trustee has attempted to address all potential
13 known constituents in the cases, and by constituents I refer to
14 parties represented by counsel at this time. But as Your Honor
15 may know we're still investigating and attempting to find out
16 the representatives for other investors and there were a
17 significant number, I believe fifty other investors to the
18 Soundview debtors.

19 On that note, I would like to segue to the letter
20 filed by Mr. Glenn on Thursday, February 20th at docket 190
21 which requests the United States Trustee, Mr. Morrissey to
22 convene a meeting of creditors to elect a new Chapter 11
23 trustee. As indicated in the trustee's response to Mr. Glenn's
24 letter on February 21 at docket 195, the trustee is in
25 possession of stale and conflicting information regarding

1 Pasig's holdings. If Your Honor would like, I could provide a
2 brief summary of the data points that reveal such conflicting
3 information.

4 THE COURT: Pause, please. No, not just because I
5 have a full courtroom.

6 MS. BUONOME: Sure.

7 THE COURT: But because I see this is an issue to be
8 managed by the U.S. Trustee Program --

9 MS. BUONOME: Understand.

10 THE COURT: -- until and unless somebody thinks the
11 U.S. Trustee Program hasn't done the job properly.

12 I do want to give everybody who wants to speak to
13 status, the opportunity but unless somebody brings a legal
14 principle to my attention that I'm not aware of now, I think I
15 should be staying my hand to let the U.S. Trustee Program do
16 its job and see if anybody believes the U.S. Trustee Program
17 hasn't done it properly. I don't want to put a sock in your
18 mouth but that's the way I see it right now.

19 MS. BUONOME: No problem, Your Honor. And to further
20 an update of the status conference, we would like to reiterate
21 that we have made efforts to assure -- and we've been in
22 communication with Mr. Glenn, both prior to his letter and
23 following his letter, in an attempt to address his concerns
24 which the trustee viewed as primarily cost-based and we
25 understand that the U.S. Trustee has also been in communication

1 with Mr. Glenn for reasons that are slightly different such
2 that Mr. Glenn may have been left out of the protocol
3 negotiating process.

4 So notwithstanding the trustee's efforts to encompass
5 and incorporate the views of all known constituents, we were
6 slightly confused to receive Mr. Glenn's letter or a copy of it
7 on March -- pardon, on February 20th because it came actually
8 on the heels of a lengthy teleconference -- the trustee, her
9 counsel, proposed financial advisor, as well as counsel -- Ms.
10 Ostad, counsel to Deborah Midanek and Mr. Glenn had that very
11 Thursday morning regarding the status of the Soundview cases
12 and was also followed by on Friday, a very detailed letter
13 setting forth details on the same.

14 As kind of a matter related to this issue that has
15 arisen in the recent past in the cases, we wanted to advise
16 Your Honor that the trustee has yet to file certain retention
17 applications for certain professionals in an effort to avoid
18 cluttering the Court's docket until we have further clarity and
19 perhaps a resolution to Mr. Glenn's request to elect a Chapter
20 11 trustee.

21 THE COURT: Pause. You said certain professionals.
22 Did that include the retention of your firm?

23 MS. BUONOME: It was separate and apart from that. It
24 included the retention firm -- the retention of the Kinetic
25 Partners firm, as well as the claims and noticing agent that

1 we've solicited given -- and solicited among numerous other --
2 I guess three other proposals to ensure that we have selected
3 the most cost-effective claims and noticing agent that will
4 play a dual role of a document vending -- document host vendor.

5 THE COURT: I am confused. What motions for approval
6 of retention have already been filed? What motions have been
7 filed but will be put on hold? And what motions are coming
8 down the pike? How many professionals are we talking about all
9 tolled?

10 MS. BUONOME: Okay. Well, Your Honor, we've only
11 filed one retention motion at all and so the other --

12 THE COURT: That being for your firm, for Jones Day?

13 MS. BUONOME: That's just for the Jones Day firm.
14 Correct, Your Honor.

15 THE COURT: Okay. And has that been vetted with the
16 U.S. Trustee Program?

17 MS. BUONOME: Your Honor, we are in communication with
18 Mr. Morrissey in connection with our retention at this moment;
19 yes, Your Honor.

20 THE COURT: I beg your pardon?

21 MS. BUONOME: Yes. We're in communication with Mr.
22 Morrissey, the United States Trustee in connection with Jones
23 Day's retention and are very aware of the cost concerns raised
24 by both Mr. Morrissey and other constituents in the case.

25 THE COURT: Continue, please.

1 MS. BUONOME: And so just to close the loop on Your
2 Honor's question, we have other retention applications yet to
3 be filed and have raised those retention-related matters with
4 Mr. Morrissey as well, notifying him that we will hold off on
5 filing until we've resolved this issue with respect to Mr.
6 Glenn's February 20th letter.

7 THE COURT: Um-hum.

8 MS. BUONOME: And then the final issue, Your Honor,
9 that I would or status update, if you will, that I would like
10 to bring to the Court's attention is the appeal filed by Mr.
11 Fletcher and Mr. Ladner to Your Honor's January 23rd bench
12 decision. And Mr. Fletcher and Mr. Ladner filed their
13 designation of record last Friday, February 21st at docket 194.

14 We've also been in communication with Mr. Morrissey,
15 the United States Trustee's Program, on this point and pursuant
16 to those conversations, we believe that Mr. Morrissey who is
17 here in the courtroom today, would like the opportunity to
18 address this matter at today's hearing.

19 THE COURT: Address which matter?

20 MS. BUONOME: I'm sorry, Your Honor; the appeal from
21 Mr. Fletcher and Mr. Ladner of the Court's January 23rd bench
22 decision.

23 THE COURT: Okay. I haven't been elevated to the
24 district court yet.

25 MS. BUONOME: I understand that, Your Honor.

1 THE COURT: All right. As I said, everybody is going
2 to get a chance to be heard today.

3 MS. BUONOME: Thank you. And so at this time, I would
4 like to offer the opportunity to turn over the podium via
5 teleconference to my colleagues in London.

6 THE COURT: Is that you, Mr. Pearson?

7 MR. PEARSON: Yes, Your Honor. Apologies for not
8 being there in the courtroom today. I know it's somewhat
9 irritating to have voices on the phone rather than people
10 standing in front of you.

11 THE COURT: I have no problems with you not making a
12 trip to the United States, Mr. Pearson. I would like you to
13 speak a little more loudly, please.

14 MR. PEARSON: Of course, Your Honor. I am actually
15 admitted to practice in the Southern District, so I usually am
16 in New York but I had pre-existing commitments, unfortunately,
17 this week in London which took me away from the City.

18 My colleague asked me just to update you as to the
19 protocol situation. We've been in very constructive and
20 collaborative discussions from the very first day that Ms. Ball
21 was appointed with the JOLs in Cayman and we've involved
22 Barnaby Stueck, my partner who is Cayman-qualified, in those
23 discussions to try and make them as effective as possible. And
24 we've involved Geoff Varga, the proposed financial advisor, on
25 the basis that he was the person who was responsible for

1 negotiating the Lancelot protocol. He was the JOL of Lancelot
2 in that case and so he brings --

3 THE COURT: Pause, please. It's partly the acoustics
4 and partly because I'm not used to English accent.

5 MR. PEARSON: I'll try and improve --

6 THE COURT: Did you say that your colleague, Mr. Silk
7 (sic) had negotiated the Lancelot protocol in the Lancelot
8 case?

9 MR. PEARSON: That's partially right; Mr. Varga, who
10 is in the courtroom with you, who is the proposed financial
11 advisor, he negotiated the Lancelot protocol in the Lancelot
12 case.

13 THE COURT: I see.

14 MR. PEARSON: So he has invaluable experience from
15 that matter of getting these things across the line and Mr.
16 Stueck, who is with me in London today, is a Cayman-qualified
17 lawyer and so he's obviously another helpful person in terms of
18 negotiating and concluding a protocol which has to address the
19 U.S. law and Cayman law.

20 We had a constructive discussion. We allowed the JOLs
21 to come up with an initial draft protocol proposal which was
22 sent on the 11th of February. We considered that and there
23 were aspects of it that concerned us in that they seemed to
24 depart quite a lot from what Lancelot had provided for. In
25 particular, Lancelot -- it was clear from Lancelot that the

1 U.S. Trustee was really going to be the captain of the ship and
2 have residual control over claims investigations and deciding
3 what was kept in the U.S. and what was farmed out to Cayman.
4 And the protocol that we got back in draft from the JOLs
5 departed somewhat from that and sought to allocate a lot of
6 responsibility to the JOLs in Cayman.

7 And so what we did was we didn't trade markups. We
8 didn't get involved in expensive amendment processes. We went
9 back with some short counterproposals which adopted a more
10 surgical approach. We looked at the tasks. We looked at the
11 potential claims. We looked at the jobs. And we said why
12 don't we try and allocate these efficiently, so they can be
13 done as fast as possible.

14 THE COURT: Why don't we do what?

15 MR. PEARSON: Why don't we allocate these more
16 efficiently, so that the tasks are allocated to the forum which
17 is going to be the quickest or the most effective for the
18 determination of those particular matters. And so we propose
19 that certain tasks be allocated to the JOLs in Cayman and
20 certain tasks be allocated to Ms. Ball as Chapter 11 trustee.
21 And we sent back those proposals a few days ago to the JOLs and
22 their counsel at Morrison & Foerster and we've also shared
23 those counterproposals with our constituents a few days ago.
24 And so we are somewhere down the road of negotiating a protocol
25 that will hopefully meet the requirements that will best

1 maximize recoveries, will be speedy and will be effective and
2 will recognize comity between the two courts.

3 That's our aim. We think we probably will get there
4 within the next week or two. So, we're obviously keen that
5 Your Honor's judgment of 23rd February is -- sorry, 23rd of
6 January is recognized in terms of what you would expect the
7 protocol to cover and how it will best be constituted. And we
8 hope to get there and we're making progress.

9 If you have any specific questions, I'm very happy to
10 answer them.

11 THE COURT: That's sufficient for now. Thank you, Mr.
12 Pearson.

13 I think, then, Ms. Buonome, I would ask you if you
14 have any further remarks. I want to give other stakeholders a
15 chance to be heard.

16 MS. BUONOME: Thank you, Your Honor. I would just
17 like to add and emphasize the issues that the FILB plan
18 presents and the concern that the Chapter 11 trustee has with
19 respect to the impact on the Soundview estates. As Your Honor
20 is --

21 THE COURT: By that you mean the Soundview 11 trustee.

22 MS. BUONOME: Correct, Your Honor, the Soundview 11
23 trustee. And those issues require an in-depth analysis and the
24 trustee has a very short, three-week period to both object to
25 the FILB plan and provide carve-out language with respect to

1 release and injunction language proposed. But before the
2 trustee can begin to analyze and provide that carve-out
3 language, she needs documents. And at this stage, we need to
4 wait, pursuant to Mr. Davis' requests, to Ms. Midanek's
5 requests, and other parties, to issue the subpoenas from Your
6 Honor's 2004 order. So, timing is troubling because the three
7 weeks gets much shorter when you bake in the ten-day period in
8 our proposed order which we felt was the minimum amount of --
9 the minimum period that could be reasonable under the governing
10 rules.

11 THE COURT: If you're a stakeholder in the FILB case,
12 why do you need a court order from me? Why don't you have your
13 subpoena rights, assuming you can't get anything by voluntary
14 compliance as a matter of contested matter discovery?

15 MS. BUONOME: Oh, Your Honor, that's a great question.
16 With the subpoena, it was the subpoena that Ms. Ball would be
17 issuing to obtain documents from Ms. Midanek that she has
18 requested we serve her with before producing documents.

19 THE COURT: Same question.

20 MS. OSTAD: Your Honor?

21 THE COURT: You don't need a 2004 order for contested
22 matter discovery.

23 MS. BUONOME: Your Honor, to clarify, she would like
24 the uniform protective order that is also attached to the Rule
25 2004 order in which we've asked Your Honor to approve in

1 connection with the Rule 2004 motion.

2 THE COURT: Midanek's unwilling to enter into a
3 protective order --

4 MS. BUONOME: She would like to --

5 THE COURT: -- by stip?

6 MS. BUONOME: Pardon?

7 MS. OSTAD: Your Honor, may I ask a question?

8 THE COURT: I would like to hear counsel one at a
9 time. Forgive me. Go ahead.

10 MS. OSTAD: Sure.

11 MS. BUONOME: Thank you. Ms. Midanek has requested
12 that she would like to enter into a protective order prior to
13 providing documents to Ms. Ball, the Chapter 11 trustee.

14 THE COURT: Yes, I understood that but my reaction to
15 that was shrug my shoulders; why isn't it more than entering
16 into a stip to accomplish that? People do that all the time.

17 MS. BUONOME: Well, that was the request that we had
18 received both from Ms. Midanek, as well as from Mr. Davis, the
19 Chapter 11 trustee of the FILB estates.

20 THE COURT: Move on, please.

21 MS. BUONOME: Sure. And so, Your Honor, I would just
22 like to reiterate the fact that although Ms. Ball is
23 appreciative of the additional short extension that she's
24 received to analyze the FILB plan, it will be very tight
25 especially because the rollout of documents will also be

1 delayed and that will eat up a portion of the three-week
2 period.

3 And the trustee's keenly aware of certain issues
4 presented in the FILB plan that will predetermine rights of
5 stakeholders in the Soundview estates. And specifically, Your
6 Honor, there's release language in the FILB plan. There's an
7 injunction provision in the FILB plan and --

8 THE COURT: After release, you said what?

9 MS. BUONOME: Injunction, Your Honor.

10 THE COURT: Um-hum.

11 MS. BUONOME: Which we believe to hinder Ms. Corinne
12 Ball as the trustee from pursuing certain actions against
13 third-party, non-FILB debtor parties. And so we're working
14 hard and we realize the three weeks is short and we're going to
15 do our very best to move forward and preserve the rights of
16 stakeholders in the Soundview cases.

17 THE COURT: All right.

18 MS. BUONOME: And our goal, of course, as we had
19 reached a consensus just yesterday with Mr. Luskin on an
20 extension, our goal, of course, is to reach a consensus and
21 consensually resolve the issues presented by the FILB plan.

22 THE COURT: Okay.

23 MS. BUONOME: Thank you, Your Honor.

24 THE COURT: Thank you.

25 Who would like to be heard next? Mr. Glenn?

1 MR. GLENN: Thank you again, Your Honor. I'm going to
2 be brief because I don't think it's appropriate at this stage
3 to talk about the discussions that are going on behind the
4 scenes but simply by way of context, this is a thirty million
5 dollar bankruptcy estate approximately as it now stands, as was
6 adduced in the evidentiary hearing that led to Ms. Ball's
7 appointment.

8 After the appointment, we saw fee applications from
9 the Porzio firm, from the other two financial advisors and the
10 Cayman Islands lawyers and the bill for the debtors' side of
11 the estate -- I haven't seen the JOLs' costs -- was something
12 approaching two million dollars.

13 So, I think at this point what led us to file that
14 letter was two things; number one, we had a deadline and number
15 two, we have concerns about costs that we are still seeking to
16 address. If those concerns are addressed, then we might keep
17 the course that we're on now, but they haven't been addressed
18 yet and until they are, we're keeping all of our options open.

19 Certainly -- and I want to put this as publicly on the
20 record as possible, so there's no confusion at all -- the
21 decision to write that letter had absolutely nothing to do with
22 Ms. Ball's qualifications, certainly not the Jones Day firm's
23 qualifications, which as I've told Ms. Ball, are clearly
24 stellar. But I have an obligation to my client to maximize
25 their recovery and to make sure that the administrative costs

1 of these estates are proportionate and appropriate relative to
2 their size.

3 In that connection, the protocol which delineates
4 whose responsibilities are what, will certainly go a long way
5 towards determining what administrative costs will be expended
6 here versus what administrative costs will be expended in the
7 Cayman Islands. I look forward to more discussions in that
8 regard with Ms. Ball and her counsel and the JOLs and their
9 counsel.

10 Beyond that, I have nothing further to add at this
11 time unless Your Honor has questions for me.

12 THE COURT: Very well, thank you.

13 MR. GLENN: Thank you.

14 THE COURT: Mr. Pintarelli, would you like to be heard
15 in any way?

16 MR. PINTARELLI: Good morning, Your Honor. John
17 Pintarelli from Morrison & Foerster for the JOLs.

18 As Your Honor stated in the bench decision, you expect
19 that the Chapter 11 trustee that was appointed to enter into a
20 protocol with the JOLs, Judge Smellie in the Cayman Islands has
21 also ordered the JOLs or directed the JOLs to enter into
22 appropriate order using Lancelot or any other appropriate
23 protocol that's out in the market to efficiently administer
24 these estates.

25 Throughout the last five months, we've had discussions

1 with the stakeholders in this case and it was apparent to us
2 that there were certain expectations that they believed certain
3 things should be done in the Cayman Islands and certain things
4 should be done in the U.S. And we heard Your Honor's decision
5 very clearly that you expected an investigation to take place
6 in the U.S. The Chapter 11 trustee is in a better position to
7 subpoena parties, depose parties and gather that information
8 with respect to the documents.

9 It's our view that there are certain expectations that
10 stakeholders had with regard to how their claims would be
11 adjudicated and how distributions would be made.

12 THE COURT: I.e., under Cayman law?

13 MR. PINTARELLI: I.e., under Cayman law. We also
14 think that it would be more efficient and less costly rather
15 than filing a disclosure statement and a plan under U.S. law
16 but again, we're open to those discussions. We received the
17 comments from the Jones Day firm and we suggested that the next
18 discussion take place with the stakeholders, so that we can
19 iron out those issues, get the protocol signed up and approved
20 by the Courts. And we can move to administering the estate for
21 the benefit of the stakeholders.

22 THE COURT: Very well. Okay. Thank you, Mr.
23 Pintarelli.

24 Ms. Freedman would you and/or Mr. Martin like to be
25 heard?

1 MS. FREEDMAN: Is Mr. Martin still on the line?

2 THE COURT: Mr. Martin, are you still with us? It
3 looks like if anybody is going to speak on your constituency,
4 it's you Ms. Freedman.

5 MS. FREEDMAN: I have nothing to add.

6 THE COURT: Okay, very well.

7 Mr. Morrissey, I understand you might want to weigh in
8 somewhat.

9 MR. MORRISSEY: Your Honor, very briefly, and just for
10 the record, Richard Morrissey for the U.S. Trustee.

11 Your Honor, since the U.S. Trustee appointed Ms. Ball
12 as Chapter 11 trustee and since that appointment was approved
13 by the Court, Ms. Ball, obviously, and her team have set right
14 to work under somewhat difficult constraints, both in terms of
15 cost and time. We've had several discussions already and as
16 Mr. Glenn suggested, this case is not made of money and
17 administrative costs are very much, I think, in the forefront
18 of everyone's mind both in this case and in the FILB case, as
19 Mr. Luskin knows all too well.

20 And I'm glad to see that the two Chapter 11 trustees
21 are cooperating. Your Honor should know, and I know Your Honor
22 does know, that Ms. Ball is off to a good head start with
23 respect to information on Soundview which was provided by the
24 Chapter 11 trustee in FILB in both private discussions and
25 information sharing, as well as the Chapter 11 trustee's report

1 in the FILB case. So I think that should help speed up the
2 process.

3 As far as the trustee election issue, Your Honor, we
4 have been in discussions with various parties on that and as
5 Mr. Glenn suggested, those discussions are continuing and
6 hopefully some kind of a resolution can be worked out and the
7 U.S. Trustee obviously is fully aware of his role in that
8 process.

9 Your Honor, counsel mentioned the appeal but I don't
10 really have a whole lot to say on the record about that but we
11 certainly are going to be addressing the issues raised there,
12 both in the designation of record and the merits of the appeal.

13 THE COURT: Well, help me on that. You said "we". I
14 don't know if you were talking about the U.S. Trustee Program
15 or somebody else. Nobody asked me for a stay. So we still
16 have a trustee. Likewise under the bankruptcy rule that
17 applies and I've forgotten its number, until and unless an
18 initially designated trustee has been replaced after a vote
19 supervised by the U.S. Trustee Program, that particular first
20 named trustee continues to act with full authority.

21 So, as I understand the 8000 series of the Federal
22 Rules of Bankruptcy Procedure, after one side designates the
23 record, the other adds any designations that are appropriate
24 and then it's docketed in the district court and the district
25 court does its thing. But I would have thought that any

1 further action, unless a stay is entered, continues in this
2 court without interruption and the district court can do its
3 thing under the schedules that district courts do. Am I
4 missing something?

5 MR. MORRISSEY: Your Honor, I think you're missing
6 nothing. I think everyone in the courtroom is fully in
7 agreement that Ms. Ball will continue to do her thing with
8 respect to this case, and, as Your Honor said, most
9 importantly, I think, there's no stay here. So the role of the
10 trustee, I don't think, is even slowed down, let alone stopped,
11 by the notice of appeal.

12 THE COURT: So pause, please, then, Mr. Morrissey. Am
13 I correct that other than the fact that you are the guy who
14 made the motion that ultimately won, and you're going to watch
15 to see if the district court does something that could affect
16 what's already been done, the appeal is just going to take its
17 course, but until and unless it changes something we just
18 continue as we're going.

19 MR. MORRISSEY: With respect to this case and the
20 trustee's role I think that's absolutely right. We may take
21 certain actions regarding the appeal, because there -- my
22 understanding, Your Honor, is that there are certain issues
23 that the district court deals with in and of itself and certain
24 issues that must be raised by parties to the action.

25 THE COURT: Oh, and you're the appellee in the appeal,

1 I guess.

2 MR. MORRISSEY: Yes, Your Honor. We're not the only
3 named party, however, Your Honor.

4 THE COURT: Okay. I assume, without telling you how
5 to do your job, that if and when the appellee is required to do
6 something in the district court your office will do it.

7 MR. MORRISSEY: Yes. But, again, we may not be the
8 only party who may do something.

9 THE COURT: Okay. Anything else, Mr. Morrissey?

10 MR. MORRISSEY: Your Honor, with respect to the
11 retentions, we have been discussing the Jones Day retention,
12 and, as counsel mentioned, we haven't seen the others yet. But
13 we do understand why they are holding those up, and we won't
14 use a nunc pro tunc against them, because they did notify us.

15 Obviously we certainly hope that there are no conflict
16 issues with respect to the financial advisor, the proposed
17 financial advisor in the case.

18 But we should have a resolution, I believe, with
19 respect to the Jones Day retention very soon.

20 THE COURT: Okay. Anything else?

21 MR. MORRISSEY: No, Your Honor.

22 THE COURT: All right. Is there anybody who wanted to
23 be heard on case status who hasn't had that chance?

24 Mr. Luskin, come on up, please.

25 MR. LUSKIN: Your Honor, on one point, and that's

1 discovery. I want the Court first to be aware that with
2 respect to the FILB documents that are in our possession we
3 have made those available to the Soundview trustee and will
4 continue to do so without any further formality other than our
5 own agreement there that they will -- our meetings and
6 discussions are in the nature of settlement to resolve a
7 dispute, and, in some instances, we actually have a common
8 interest, so they would be covered by a common interest
9 privilege. But there are no time restraints in that, and we
10 have exchanged documents and stand ready, willing, and able to
11 continue to provide more.

12 The non-FILB documents, that is the documents that the
13 Chapter 11 trustee obtained from third parties, are governed by
14 a master protective order in the FILB case that requires us to
15 give notice. Well, actually it requires a requesting party to
16 serve us with a subpoena and us then to give notice to a
17 variety of parties or the producing party, principally
18 Fletcher. I believe it calls for five days, five business
19 days' notice. And given the need for speed here -- I know this
20 is procedurally unusual, but I would urge the Court, on my
21 current application, to reduce the period from five days to two
22 days by e-mail in order to facilitate any further discovery on
23 a more expedited basis under my order.

24 THE COURT: So this would be a modification of your
25 order that --

1 MR. LUSKIN: Yes.

2 THE COURT: -- you've been acting under for a while.

3 MR. LUSKIN: Yes.

4 THE COURT: It gives parties who might be prejudiced
5 by your compliance with the subpoena the chance to raise an
6 objection?

7 MR. LUSKIN: Yes.

8 THE COURT: All right. Stand by for a second.

9 Is there anybody on the call who is a party-in-
10 interest in the FILB case who would have an objection to that?

11 Ms. Freedman, you rose, but I gather that something
12 I've said caused you to sit down. Come on up. Tell me what's
13 bothering you.

14 MS. FREEDMAN: Your Honor, Terri Jane Freedman, Porzio
15 Bromberg & Newman, on behalf of the debtors-out-of-possession.
16 We do not represent Mr. Fletcher individually. However, Mr.
17 Fletcher is not here and should be at least given the
18 opportunity to be heard by this Court to the extent that Mr.
19 Luskin seeks to reduce the time frame from five days to two
20 days on notice in the event Mr. Fletcher would want to object.

21 THE COURT: I think that's right, Ms. Freedman, but my
22 phone log shows Mr. Fletcher to be on the call.

23 Are you on the call, Mr. Fletcher?

24 MR. FLETCHER: Yes, I am, Your Honor.

25 MS. FREEDMAN: Okay.

1 THE COURT: Do you want to be heard in opposition?

2 MR. FLETCHER: No. I have nothing to add.

3 THE COURT: Not to that?

4 MR. FLETCHER: Not to that, no.

5 THE COURT: Okay. Then I'm going to so order the
6 record, Mr. Luskin, but at your convenience --

7 MR. LUSKIN: Thank you.

8 THE COURT: -- paper the modification for me to issue
9 an amendatory written order.

10 MR. LUSKIN: I will do that, Your Honor.

11 My final point, we're going to operate, or at least
12 the parties in this room are on notice that we will operate as
13 if it's a two-day notice. We will submit a modification to
14 that order as soon as we possibly can.

15 The final point I wanted to make has been adverted to,
16 really, by everybody, and that is the need for speed. I am not
17 going to put on the record the facts that really require us in
18 FILB to do everything that's humanly possible to confirm the
19 case before the end of March. It has principally to do with
20 litigation concerns, and for obvious reasons I don't want to
21 put those on the record.

22 On the other hand, we're mindful of the fact that
23 Jones Day is relatively new in the case, and they have a lot of
24 work to do. I would urge the Court to enter whatever discovery
25 orders are needed, allowing Jones Day -- allowing the Soundview

1 Trustee to conduct expedited discovery. I know that the order
2 they've proposed is based on the existing FILB protective
3 order. I'm not aware that there are any major substantive
4 changes. And it really is -- we are in a position where time
5 is of the essence. It will be a disaster, and that is not too
6 strong a word, for us in the FILB case if the Soundview Trustee
7 is unable to do as good a job as can possibly be done in the
8 next three weeks. And I would really hate to see discovery be
9 the thing that causes issues for us in FILB.

10 THE COURT: All right.

11 MR. LUSKIN: So to the extent -- I don't know whether
12 there are contested proceedings in Soundview. In FILB we have
13 contested matters because we've objected -- the trustee's
14 objected to proofs of claim. We've objected to the Soundview
15 proofs of claim. There's a contested matter. There's no issue
16 with respect to discovery as between the Soundview trustee and
17 the FILB trustee. But we're not the only party here, and I
18 would just urge the Court to allow the Soundview trustee to
19 issue subpoenas, to put into place the existing protective
20 order in FILB and just modify it for Soundview, to do it on
21 short notice, not put in five business days but make it two
22 business days to allow for expedited resolution of disputes.
23 It really is in the best interests, I believe, not only of the
24 FILB estate but also of the Soundview estate.

25 I know it's not my motion, but I am really in favor of

1 it, so thank you, Your Honor.

2 THE COURT: All right. Yes?

3 MS. BUONOME: Your Honor, I'd just like to add --

4 THE COURT: Ms. Buonome.

5 MS. BUONOME: -- two more points to piggyback on what
6 Mr. Luskin mentioned in his urging the Rule 2004 motion to
7 proceed on an expedited basis. And the beauty of the 2004
8 process is there's no need for the cost and time expense of an
9 associated contested matter. And, as we mentioned, the
10 trustee, Ms. Ball --

11 THE COURT: No, I don't follow that at all, Ms.
12 Buonome. Contested matter discovery is much more efficient
13 than Rule 2004 discovery, and it's not subject to the pending
14 proceeding rule.

15 MS. BUONOME: Understand, Your Honor. But with a
16 caveat, I guess, to our 2004 request in that we're just
17 targeted in getting the documents that Mr. Davis has collected
18 already from third parties, and it's not a fishing expedition
19 in the normal sense of a Rule 2004 request, Your Honor. So
20 it's targeted and focused, and we have particular parties, Mr.
21 Davis, Ms. Midanek, and a few others that have agreed to turn
22 over documents, to produce documents.

23 THE COURT: Okay.

24 MS. BUONOME: And then just three housekeeping cleanup
25 points. Our monthly operating reports for the debtors, we've

1 been in communication with the United States Trustee program
2 and have agreed that the first MOR will be filed --

3 THE COURT: Forgive me, Ms. Buonome. I think this may
4 be the first time you've appeared before me.

5 MS. BUONOME: Sure.

6 THE COURT: I hate acronyms. I don't speak acronym.

7 MS. BUONOME: I'm sorry. I'm sorry, Your Honor. The
8 first monthly operating report will be filed on March 20, 2014
9 for January, 2014. And then we'll file monthly operating
10 reports on the 20th of each month.

11 In addition, we need to file two catch-up monthly
12 operating reports, for September, 2013 and the fourth quarter
13 of 2013. And we've been in consultation with Mr. John Sagrado
14 (ph.) at the United States Trustee program on this point.

15 THE COURT: Okay.

16 MS. BUONOME: That's the first housekeeping point.
17 The second housekeeping point is the schedules and statements.
18 I'm sure Your Honor may recall from the evidentiary hearing
19 that CohnReznick inherited what we understand to be very
20 minimal financial records from the debtors.

21 Indeed, as Your Honor mentioned in your bench decision
22 on January 23rd, I believe the debtors had not produced audited
23 financials for the past five years.

24 As it relates to schedules and statements, our
25 proposed financial advisors have been in consultation with the

1 debtor's financial advisors at CohnReznick and understand that
2 the schedules and statements need to start from scratch. And
3 so we are prepared to do so and wanted to advise Your Honor on
4 that front.

5 And the final housekeeping matter is -- round out the
6 three -- is that the trustee has obtained a bond, and she sent
7 that bond to the United States Trustee program on February 12,
8 2014.

9 THE COURT: Okay.

10 MS. BUONOME: That's all, Your Honor.

11 THE COURT: All right.

12 MS. BUONOME: Thank you very much.

13 THE COURT: All right. I want to bundle up everything
14 in both cases. Is there anybody who wanted to be heard on the
15 2004 application who hasn't had a chance to be heard? Hearing
16 no response.

17 All right. Here's what we're going to do, folks, both
18 on case management and on the 2004. First, in terms of case
19 management, subject to one thing, which I'll mention in a
20 moment, I'm satisfied with the progress of the case and the way
21 it's been conducted. I do note, of course, there is no stay of
22 the order that authorized the U.S. Trustee program to appoint a
23 trustee, and there's been no appeal from the order appointing
24 the trustee. The trustee continues to act as I indicated in
25 earlier colloquy.

1 The one concern I had is one that had troubled me
2 before Mr. Glenn and Mr. Morrissey had mentioned the point,
3 that this is a thirty million dollar case. Without
4 understating the importance of the issues to the stakeholders
5 involved, this is a small leaven by the standards of this
6 Court. It's a very small leaven. It barely -- it's kind of
7 like a mid-market case and may be, without disrespect to mid-
8 market cases.

9 The 2004 application showed four lawyers on the
10 application. The person who's been the principal spokesman --
11 spokeswoman -- spokesperson today is still another lawyer. And
12 I heard of the presence of two more in London.

13 The use of resources in that way is not an impediment
14 to retention, but it's an impediment to getting paid for so
15 many professionals. But, more importantly, the use of so many
16 people can, and often does, cause confusion, as it did when,
17 for instance, I had two Jones Day lawyers on the phone to my
18 chambers at the exact same time, neither of whom knew about the
19 other being on the call to chambers. And if the law firm wants
20 to be paid for its work, which most firms like to do and expect
21 to be paid, if the management of this case continues without a
22 change in the trustee we've got to do better, so I'm not in the
23 position where I have to do something which I really hate to
24 do, which is to employ the judge's responsibility to review fee
25 requests.

1 It's far better not to do the work in the first place
2 and to manage the matter as if it is a thirty-million-dollar
3 case. And that, of course, would also involve delegating to --
4 that's an unfair word, because it understates the role of the
5 JPLs -- but giving the JPLs responsibility over a matter that
6 can be done more efficiently than can be done in the U.S. or
7 the way people envision it. So I'm not issuing any rulings
8 now, but I do need to ask people to do a stop, look, and listen
9 on that issue.

10 The Rule 2004 motion exemplifies some of the concerns
11 that I have. To the extent that the Soundview trustee needs to
12 be heard in the Fletcher International, Ltd. of Bermuda case,
13 which we refer to as FILB, that goes without saying. But if
14 that involves inappropriate releases, any objections to
15 confirmation, that's a matter to which the Soundview trustee
16 has rights to engage in discovery as a matter of right under
17 the contested matter rules, because, as you know, Rule 9014
18 embodies and incorporates by reference Rules 26 through 37.
19 That means you don't need a court order from me to ask Mr.
20 Luskin for anything or even to subpoena people if you need it
21 in Mr. Luskin's case. By the same token, the pending
22 proceeding rule impairs the ability to use Rule 2004 on
23 contested matters and especially in litigation in which
24 discovery is already ongoing.

25 So I'm going to approve the 2004 order, but that's

1 only because all the work in asking for it's already been done.
2 And I'm going to use it or authorize it for the purpose of
3 discovery in any matters other than the FILB case, because it's
4 already available in the FILB case, the right to engage in that
5 discovery.

6 Now apropos that, I need people read and understand
7 what I've written in the case management orders that I've
8 entered in each of the FILB and Soundview cases, which provide
9 that expedited discovery is authorized without permission of
10 the Court. As soon as a motion is filed -- you don't even need
11 an objection -- you have that right to discovery. So use that
12 right. Issue your subpoenas if you need to, although I can't
13 imagine in a thousand years why you'd need to subpoena Mr.
14 Luskin, other than as a matter of form to comply with any
15 duties he has to the third world.

16 If you need to broaden or change a confidentiality
17 stip or consent order or order that I previously entered,
18 negotiate out what you need, which because we have templates in
19 the area should be able to be done in about an hour per stip or
20 less, and get the flow of information going.

21 And I want stuff in this case done by phone call.
22 When I say phone call, I don't even mean e-mail. If you need
23 to confirm what was agreed to in a phone call then you can send
24 an e-mail or, if you really want to, a letter. But I want
25 people talking to each other in this case, and I want people --

1 in this case I should say the Soundview and the FILB cases. I
2 want these cases moving more quickly and more cheaply.

3 I don't want to understate the legitimate needs and
4 concerns of the stakeholders in this case or its complexity.
5 But the best way to deal with that is to put our energy and
6 time on the stuff that needs to be done and to avoid the stuff
7 that doesn't need to be done.

8 Do we have any further business? Hearing none,
9 everybody who was here on FILB and Soundview is excused, and
10 we're going to go right into WineCare without a break.

11 UNIDENTIFIED SPEAKER: Thank you, Your Honor.

12 THE COURT: Pause, folks. Do I need to do anything in
13 open court on the recognitions for Leveraged and Arbitrage? My
14 tentative, subject to people's rights to be heard, is to grant
15 them without argument.

16 Mr. Brock, you want to come up to a mic, please?

17 MR. BROCK: Thank you, Your Honor. I would hope that
18 we could escape with doing nothing in court today, Your Honor.
19 There is an objection filed by Mr. Turner. He objected saying
20 that one of our exhibits was incomplete, and then he added in
21 his objection the omission --

22 THE COURT: His account of the world.

23 MR. BROCK: Correct.

24 THE COURT: Mr. Turner, that is not a legally
25 cognizable objection on a motion of this character. Unless you

1 come up with something else I'm granting the motion.

2 MR. TURNER: No objection. I was just hoping to be
3 heard in full with --

4 THE COURT: Okay.

5 MR. TURNER: -- my representations.

6 And one other point, if possible. I'm hoping -- and
7 I'm not an attorney, as you know -- that with the Chapter 15
8 there had been in process but for lack of money there had --
9 the appeal in regard to the FIA Leveraged case was not made to
10 the Privy Council for lack of money. Now that the Wilmington
11 Trust money has been freed for Soundview and for the Richcourt
12 funds -- Soundview meaning Ms. Ball, the Richcourt funds
13 meaning Ms. Midanek -- I haven't spoken to them, but I'm
14 optimistic someone, either of them may look to proceed with an
15 appeal. Maybe it could even be heard in the U.S. But, as I
16 said, I'm not an attorney, and I don't know if that's even
17 possible.

18 THE COURT: The issue before me today is Chapter 15
19 recognition, and I'm granting that.

20 One of the concepts I had when I authorized the money
21 to be transferred from Wilmington Trust, which was a critically
22 important predicate, was that that money wouldn't be touched
23 without judicial supervision, which, at this point, is me. If
24 you think there is a basis for touching that money for dealing
25 with something else you're going to have to make an application

1 to me. Not today. In writing, with an opportunity for people
2 who have a different view of the world to be heard.

3 But I got to tell you, Mr. Turner, that my concept
4 when I authorized that money to be transferred from Wilmington
5 Trust to my judicial supervision was that it wouldn't be messed
6 around with without me approving it.

7 MR. TURNER: I understand, Your Honor.

8 THE COURT: Okay. Thank you, folks.

9 MR. TURNER: Thank you.

10 MR. BROCK: Your Honor?

11 THE COURT: Come on up, please, Mr. Brock, to a mic,
12 if you would.

13 MR. BROCK: Your Honor, I just recalled that I was
14 going to advise the Court that the proposed orders that we will
15 be submitting to Your Honor will have one revision, and that is
16 to make explicit that we would have relief, pursuant to the
17 recognition order, that would permit the JOLs to take the
18 dividends that we hope will be paid under the FILB Chapter 11
19 plan and distribute those -- bring those monies down to the
20 Cayman proceedings and distribute them from that jurisdiction.
21 That's 1520 --

22 THE COURT: I would have thought you would have had
23 that right without saying it in baby talk, but if you want it
24 for the avoidance of doubt, include it, sure.

25 MR. BROCK: Okay. Thank you, Your Honor.

1 THE COURT: Okay. Okay. Now everybody who was here
2 on Soundview and Fletcher International can leave and let's
3 hear WineCare.

4 (Whereupon these proceedings were concluded at 11:54 AM)

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I N D E X

RULINGS

	Page	Line
Motion for FILB extending voting and	14	14
objection deadline will be granted.		
Notice period for non-FILB documents	42	5
reduced from five days to two days		
Motion for 2004 discovery granted	48	25
Chapter 15 recognition is granted	51	19

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C E R T I F I C A T I O N

I, Penina Wolicki, certify that the foregoing transcript is a true and accurate record of the proceedings.

Penina Wolicki

PENINA WOLICKI

AAERT Certified Electronic Transcriber CET**D-569

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Date: February 26, 2014